

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6555

BILL NUMBER: HB 1116

NOTE PREPARED: Dec 28, 2013

BILL AMENDED:

SUBJECT: Alcohol Sales at Inns on State Owned Land.

FIRST AUTHOR: Rep. Dermody

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill allows the Department of Natural Resources (DNR) to permit, in the terms of a lease or contract concerning state-owned land under the management and control of the DNR, the retail sale of alcoholic beverages for consumption on the licensed premises of an inn if the lessee or concessionaire applies for and secures the necessary permits. (Current law allows only for a lease or contract that concerns federally owned land under the control and management of the DNR.)

Effective Date: July 1, 2014.

Explanation of State Expenditures:

Explanation of State Revenues: *Summary-* If the DNR permits the sale of alcoholic beverages at inns on state-owned land, state revenues from permit fees and alcoholic beverage sales could potentially increase. However, the amount of the increase would likely be small and would depend on the number of permits the Alcohol and Tobacco Commission (ATC) grants.

Additional Information-

Permit Fees - The bill could allow inns on state-owned land to apply for retailer's permits. To the extent that the ATC grants additional retailer's permits under this bill that would not have otherwise been granted, revenue from permit fees could increase. The annual fee for a retailer's permit is \$500 if the retailer serves only beer or only wine; \$750 if the retailer serves both beer and wine but no liquor; or \$1,000 if the retailer serves beer, wine, and liquor. This revenue is distributed to the state General Fund (37%); the general funds

of cities, towns, and counties based on population (33%); and the Enforcement and Administration Fund (30%).

Alcoholic Beverage Sales - To the extent that inns on state-owned land that receive retailer's permits cause an increase in total alcoholic beverage sales in the state, revenue from alcoholic beverage taxes could increase. This revenue is distributed in varying amounts to the following funds: state General Fund, Post War Construction Fund, Enforcement and Administration Fund, Pension Relief Fund, Addiction Services Fund, and Wine Grape Market Development Fund. Fifty percent of the General Fund distribution is set aside for General Fund purposes, and 50% is allocated to cities and towns based on population.

The bill is not expected to significantly affect sales tax revenue. Any increase in alcoholic beverage purchases could be offset by a decrease in spending on other items that are subject to the sales tax. Sales tax revenue is deposited in the state General Fund (98.848%), the Motor Vehicle Highway Account (1%), the Commuter Rail Service Fund (0.123%), and the Industrial Rail Service Fund (0.029%).

Explanation of Local Expenditures:

Explanation of Local Revenues: Local revenues could increase to the extent that a local unit receives allocations from permit fee or alcoholic beverage tax revenue.

State Agencies Affected: Department of Natural Resources; Alcohol and Tobacco Commission.

Local Agencies Affected:

Information Sources:

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